



City of Houston Citywide ARC Project

Budget & Fiscal Affairs Committee

November 7th, 2011

Finance Department

Kelly Dowe, Director

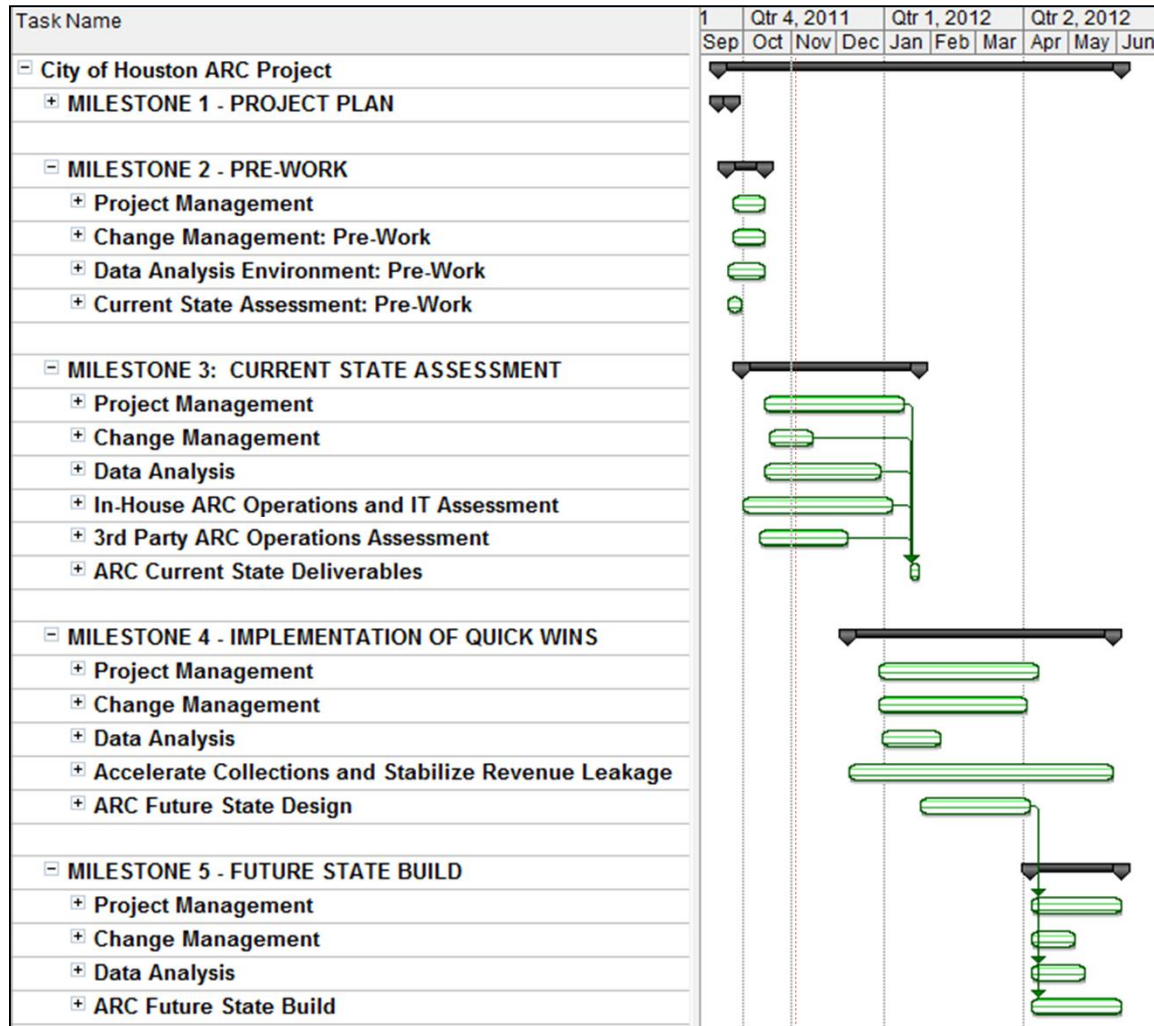


Current State . Progress Summary

DEPARTMENT	WORK STREAM				
	Kickoff Meetings	Ops and IT Assessment	Data Request Submitted - Internal	3rd Party Vendor Assessment	Data Request Submitted - 3rd Party
ARA . AMBULANCE . ACS	9/27/2011	In Process		In Process	In Process
ARA . BURGULAR . PMAM		In Process		In Process	Received
ARA . COMM. PERMIT			In Process		
ARA . PARKING . DUNCAN			Received	In Process	Scheduled
ARA . FRANCHISE FEES			In Process		
ARA . BARC			Scheduled		
FIN . LINEBARGER	9/19/2011	In Process	In Process	In Process	In Process
HFD . LINEBARGER	10/12/2011	In Process	In Process	In Process	Scheduled
MCD . LINEBARGER	9/29/2011	In Process	In Process	In Process	Scheduled
HPL . UMS	9/23/2011	In Process	Received	In Process	Received
HHS	10/18/2011	Scheduled	Scheduled		
PWE	10/6/2011	In Process	Scheduled		
HPD	10/18/2011	Scheduled	Scheduled		
SWD	10/5/2011	Scheduled	Scheduled		
HAS	TBD	TBD	TBD		



Project Timeline and Upcoming Activities



▲ Operations and IT Assessment

- Currently on schedule
- Operations assessments of MCD, ARA, FIN, HPL and HFD are in process

▲ 3rd Party Vendor Assessment

- Currently on schedule
- Conduct site visits and audit operations

▲ Data Analysis

- Original schedule called for data provided by 10/14 followed by 50 days of data cleansing and analysis
- Data has proven more difficult to obtain due to age and capability of systems, large size of requests, and available resources
- Project team working closely with departments to ensure the data request is understood and can be provided in the time and manner requested



Internal and 3rd Party Assessment . Observations

Dept	Vendor	Observations
Citywide	▲ Various	<ul style="list-style-type: none"> ▲ Decentralized policies, procedures, and systems related to permitting, licenses, and fees ▲ No internal skip tracing capability to reduce undeliverable mailings ▲ Data contained in disparate systems, and difficult to obtain ▲ Revenue leakage in many departments (potential revenue owed to the City but not currently captured or reported on)
FIN	▲ Linebarger	<ul style="list-style-type: none"> ▲ Historically contract has not been closely monitored ▲ Collections vendor Key Performance Indicators tied to activity versus performance
HPL	▲ Unique Management Services	<ul style="list-style-type: none"> ▲ Aging report contains some unrecoverable costs ▲ Niche collection vendor focused on libraries, able to handle small balance accounts
ARA	<ul style="list-style-type: none"> ▲ ACS ▲ Duncan ▲ PMAM 	<ul style="list-style-type: none"> ▲ Revenue leakage associated with permit renewals ▲ Permit inspection cost is not always recovered ▲ No internal skip tracing capability to reduce undeliverable mailings
MCD	▲ Linebarger	<ul style="list-style-type: none"> ▲ Multiple collections improvement initiatives being undertaken ▲ No internal skip tracing capability to reduce undeliverable mailings ▲ Collections vendor Key Performance Indicators tied to activity versus performance
HFD	▲ Linebarger	<ul style="list-style-type: none"> ▲ Smart-CM system is no longer supported and reporting is limited to a few standard reports ▲ Revenue leakage associated with businesses not knowing they need permits ▲ Collections vendor Key Performance Indicators tied to activity versus performance
PWE	▲ None	<ul style="list-style-type: none"> ▲ High percentage of recovered debts by in-house collections unit ▲ No skip tracing capability within Combined Utility System ▲ RFP for collections services to be released soon



Financial Breakdown . Revenue & AR

Revenue Source	Department	FY11 Revenue (Unaudited)	Total Outstanding	Collectible AR	Revenue Leakage
Ad Valorem Property Tax	▲ FIN	\$ 1,014,293,994	TBD	TBD	TBD
<i>Delinquent accounts revenue</i>		\$ 82,909,711			
Ambulance Transport Fees	▲ ARA	\$ 24,907,443	TBD	TBD	TBD
Clinic & Lab Fees	▲ HHS	\$ 985,871	TBD	TBD	TBD
Library Fines	▲ HPL	\$ 681,080	TBD	TBD	TBD
Municipal Courts	▲ MCD	\$ 36,608,578	TBD	TBD	TBD
Parking & Boot Citations	▲ ARA	\$ 7,348,578	TBD	TBD	TBD
Permits, Licenses, Fees	▲ ARA	\$ 5,472,415	TBD	TBD	TBD
	▲ HFD	\$ 5,714,525			
	▲ HHS	\$ 8,727,101			
	▲ HPD	\$ 11,158,528			
	▲ PWE	\$ 35,935,922			
	▲ SWM	\$ 2,004,898			
		\$ 69,013,489			
Permit Related	▲ ARA	\$ 10,327,324	--	--	--
<i>(Other fees tied to permits)</i>	▲ PWE				



Potential Opportunities

The team has created an opportunity pool of over 40 potential short and long term opportunities. Two opportunities we would like to highlight are Business Permitting and Skip Tracing.

Opportunity	Observations	Next Steps
Business Permitting <ul style="list-style-type: none"> ▲ Assist HPC leadership in pursuing permit renewals and identifying permit related revenue leakage 	<ul style="list-style-type: none"> ▲ ARA, HFD, HPD, HHS, PL, PR, and PWE all require permits, licenses and fees ▲ A business may require several permits to open but there are no clear guidelines as to which permits are needed ▲ Renewals are handled individually . a renewal of one permit does not link to renewing of other annual permits ▲ Total pool of businesses that require permits is unknown 	<ul style="list-style-type: none"> ▲ Build robust business process to collect all necessary data from permittee, provide information as to the permits required, and integrate signoff by permittee on permits required for their business ▲ Audit businesses for compliance with all required permits against internal and external databases ▲ Identify which permits can be used as leverage to ensure the other permits are obtained ▲ Consider up-front payments and multi-year permits
Skip Tracing <ul style="list-style-type: none"> ▲ Explore skip tracing synergies to obtain contact information in-house for City debtors 	<ul style="list-style-type: none"> ▲ All divisions have customer information, but most of this customer information has no link to any other division's systems ▲ When a customer moves or is not contactable there is no ability in-house to find the debtor ▲ PWE has a collections RFP to obtain skip trace capabilities 	<ul style="list-style-type: none"> ▲ Assess current 3rd party vendor skip tracing ▲ Understand the current volumes of accounts with bad or incomplete data, and technical implications to updating customer addresses in decentralized systems ▲ Assess feasibility and value of Citywide skip tracing capability able to provide departments updated contact information to increase in house collections



SAP AR Pilot Project with HHS Laboratory

Objectives

- ▲ Accurate invoicing of all customers and automated tools for noticing of delinquent customers
- ▲ Improved processes with fewer systems, automated processes, and clean data
- ▲ Centralized reporting for Finance Department's ARC division to facilitate AR oversight
- ▲ Foundation paved for successful implementation of SAP AR and SD modules with other departmental revenue streams

Where we are to date

- ▲ SAP Accounts Receivable and Sales & Distribution modules configured and ready for testing
- ▲ Completed training for relevant HHS staff
- ▲ Began Customer Acceptance Testing on 11/1 with anticipated completion of 11/21
- ▲ **Project Go-Live 1/1/2012**



Questions

